

Message Text

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ORIGIN ARA-10

INFO OCT-01 ISO-00 FEA-01 SSO-00 NSCE-00 USIE-00 INRE-00

SP-02 AID-05 EB-07 NSC-05 RSC-01 CIEP-01 TRSE-00

SS-15 STR-01 OMB-01 CEA-01 CIAE-00 COME-00 FRB-03

INR-07 NSAE-00 XMB-02 OPIC-03 LAB-04 SIL-01 L-02 H-01

PA-01 PRS-01 /076 R

DRAFTED BY USOAS:TETAYLOR/ARA/ECP:MDAVILA/ATP

APPROVED BY USOAS - JOHN W. FORD

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TO ALL AMERICAN REPUBLIC DIPLOMATIC POSTS IMMEDIATE

USCINCSO QUARRY HEIGHTS CZ

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LIMA - FOR AMBASSADOR MAILLIARD

E.O. 11652: N/A

TAGS: OAS, PFOR, TRA

SUBJECT: OAS PERMANENT COUNCIL MEETING ON TRADE ACT

1. THE OAS PERMANENT COUNCIL MET THE MORNING OF JANUARY 21 AND CONTINUED DISCUSSIONS OF TRA. JOHN FORD, ACTING U.S. REPRESENTATIVE, SPOKE FIRST, RESPONDING TO QUESTIONS AND CONCERNS RAISED BY OTHER DELEGATES. (SEPTTEL) FORD

EXPLAINED USG EFFORTS WITH THE CONGRESS TO AVOID PASSAGE OF THE MANDATORY EXCLUSION PROVISIONS.

2. AMBASSADOR GALO LEORO OF ECUADOR ASKED RHETORICALLY, HOW CAN THE LAW SERVE AS AN INCENTIVE TO DEVELOPMENT (AS THE U.S. SAYS IT DOES) IF CERTAIN COUNTRIES ARE EX-LIMITED OFFICIAL USE

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EMPTED FROM THE BENEFITS OF GENERALIZED PREFERENCES?

ECUADOR, HE SAID, GETS NO SUCH INCENTIVE BECAUSE OF THE OPEC EXCLUSION. LEORO ALSO EXPRESSED DOUBTS ABOUT THE USEFULNESS OF FURTHER DISCUSSIONS ON THE MATTER IN THE SCCN WHERE, HE SAID, THERE HAD ALREADY BEEN MORE THAN AMPLE DISCUSSION.

3. AMBASSADOR VIDAL OF BRAZIL EXPRESSED APPREHENSION ABOUT THE LAW'S PROVISION ON COUNTERVAILING DUTIES. HE ALSO

SAID THAT THE U.S. GOVERNMENT SEEMED TO BE TAKING THE POSITION THAT THE DEVELOPING COUNTRIES SHOULD NOT SELL RAW MATERIALS AT HIGH PRICES AND SHOULD NOT SELL MANUFACTURED GOODS AT LOW PRICES.

4. AMBASSADOR PITYY OF PANAMA NOTED THAT THE U.S. GOVERNMENT HAD SUGGESTED FURTHER TECHNICAL TALKS ON THE ACT. HE SAID THAT TALKS ON THIS SUBJECT HAVE BEEN GOING ON FOR TWO YEARS AND HE FELT THAT IT WAS TIME FOR SOME DEFINITIVE POSITIONS.

5. DE LA COLINA OF MEXICO REITERATED SUPPORT FOR THE VENEZUELAN-ECUADORAN EFFORTS AGAINST THE DISCRIMINATORY ASPECTS OF THE TRADE ACT, BUT STATED THAT THIS SUPPORT WOULD NOT PRECLUDE SUPPORT OF A STUDY OF THE MATTER BY A TECHNICAL GROUP.

6. TRUCCO OF CHILE QUESTIONED THE U.S. ASSERTION THAT THE TRADE ACT WOULD BE BENEFICIAL FOR LATIN AMERICA AND STATED THAT IT DID NOT SATISFY LATIN AMERICAN EXPECTATIONS OR ASPIRATIONS. HE VOICED SUPPORT FOR A WORKING GROUP TO DRAFT A RESOLUTION ON THE ISSUE WHICH WOULD BE SENT TO THE OASGA.

7. MACHIN OF VENEZUELA, THE FINAL SPEAKER, CHARGED THAT THE U.S. HAD NOT ABIDED BY ITS INTERNATIONAL COMMITMENTS IN UNCTAD AND GATT BECAUSE THE TRADE ACT CONTAINS PROVISIONS ALLOWING QTE POLITICAL COERCION UNQTE WHICH ARE DAMAGING TO LDC INTERESTS. OBJECTION WAS ALSO RAISED CONCERNING DISCRETIONARY POWER OF THE PRESIDENT TO WITHDRAW PREFERENCES -- A QTE SWORD OF DAMOCLES UNQTE. LIMITED OFFICIAL USE

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MACHIN, IN IMPLIED CRITICISM OF THE U.S. PRESENTATION, REITERATED THAT U.S. HAD NOT YET CLARIFIED THE OBJECTIVES OF THE TRADE ACT. HE CONCLUDED BY STATING THAT THE TRADE ACT SHOULD BE AMENDED AND EFFORTS OF THE PERMANENT COUNCIL SHOULD BE DIRECTED TO THIS END. HE NOTED THAT THE U.S. HAD NOT STATED WHETHER THE U.S. WOULD SEEK AMENDMENT OF THE TRADE ACT.

8. THE COUNCIL THEN ESTABLISHED A WORKING GROUP TO
DRAW UP A RESOLUTION BASED ON VIEWS EXPRESSED IN THE
MEETING. THE WORKING GROUP BEGAN WORK AFTERNOON OF
JANUARY 21. KISSINGER

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